

# International Issues for U.S. Citizens and Resident Aliens



**Tax** *IRS Nationwide* **FORUM** **2009**

# Who Must File?

- U.S. citizens file Form 1040
- U.S. resident aliens file Form 1040
  - Green Card Holders
  - Substantial Presence Test
- Nonresident aliens file Form 1040NR

# What about Social Security?

## Totalization Agreements:

- Eliminate dual Social Security taxation
- Protect benefits for workers who have divided career between U.S. and another country

## Self-Employment Tax

- U.S. Citizens/Res. Aliens: 1040, Sch SE
- U.S. Possessions: 1040-SS or 1040-PR



# Foreign Earned Income Exclusion

- U.S. Citizen or U.S. Resident Alien
- Foreign Earned Income
- Tax Home in Foreign Country
- Must Meet Either:
  - A. Bonafide Residence Test or
  - B. Physical Presence Test



# Foreign Earned Income Exclusion

- Husband and wife could be eligible to exclude up to \$91,400 each for total exclusion of \$182,800
- Exclusion/Deduction for qualifying foreign housing expenses
- Income above excluded amount taxed at higher rate





# Foreign Tax Credit

- Eliminates double taxation
- Must be:
  - Income tax on foreign income
  - Legally owed and paid
- No credit for foreign taxes on excluded income
- Foreign tax redetermination implications on U.S. return



# Tax Treaties

- Saving Clause
  - Allows U.S. to tax citizens and residents as if treaty doesn't exist
- Form 8802 – Application for U.S. Residency Certification



# Reporting Foreign Accounts

- Form 1040, Schedule B, Part III
- Form TD F 90-22.1
  - Foreign accounts, in aggregate
  - Over \$10,000 on any day of the year
  - Filed with Treasury Dept by June 30 (no extensions)





# International Forms

- 3520 – Annual Return to Report Transactions With Foreign Trusts/ Receipt of Certain Foreign Gifts
- 3520-A – Annual Return of Foreign Trust with a U.S. Owner



# International Forms

- 5471 – Information Return of U.S. Persons With Respect to Certain Foreign Corporations
- 5472 – Information Return of a Foreign Owned Corporation
- 8898 – Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession



# Need Help?

- Call International Customer Service at (215) 516-2000 (not toll free)  
Mon.–Fri. 6:00 a.m.–11:00 p.m. EST
- Check [www.irs.gov](http://www.irs.gov)  
Keyword: International
- Helpful publications:  
54, 514, 901, 4588, 4732



# Questions?

